

MEDICAL BENEFITS

STAFF STUDY OF LEGISLATIVE TASK FORCE

- 3 -

Tbd #1

SECRET

EXTENSION OF MEDICAL BENEFITS FOR
OVERSEAS EMPLOYEES AND THEIR DEPENDENTS

1. PROBLEM

- a. Should any medical and hospitalization benefits be made available to the members of families of CIA employees?
- b. Are additional medical and hospitalization benefits necessary for CIA employees who are temporarily assigned abroad?
- c. Should the provisions of law relating to "assignment abroad" be broadened so that assignments to U. S. territories and possessions are covered by the additional medical and hospitalization benefits now available only to assignments in foreign countries?

2. FACTS BEARING ON THE PROBLEM

a. Benefits available to employees.

(1) CIA employees wherever stationed are covered by the Federal Employees Compensation Act (FECA) with respect to medical care, hospitalization, disability, and death benefits resulting from injury or death incurred while in the performance of duty. This Act is the over-all Government statute covering all Government employees. In the event of injury in the performance of, full medical care and hospitalization are assured. In the event of permanent disability, an employee would receive two thirds of his basic pay. In the event of death, the widow with two children would receive seventy per cent of the employee's basic salary. The Act confers very liberal monetary benefits when measured against any other compensation plan. (Annex A)

(2) In the CIA Act of 1949 (Public Law 110) additional medical benefits are granted to employees permanently assigned abroad. The additional benefits consist of more liberal standards of eligibility for medical and hospitalization benefits. In effect, the law permits those benefits for any injury or illness which is not the result of misconduct or intemperance. In addition to the actual medical and hospitalization benefits, travel expenses are authorized to permit employees to be treated at the nearest locality where suitable hospitalization exists. (Annex B)

(3) There are also in existence two programs for insuring against hospitalization and surgical expenses. These programs are the Group Hospitalization, Inc., (GHI) and the Government Employees Health Association (GEHA). GHI has a standard plan available to groups in the Washington area and overseas and is considered by many one of the

- 4 -

Tab A1

SECRET

SECRET

better hospitalization plans. It provides both surgical and hospitalization benefits. GEHA is an older plan and is currently being supplemented by GHI in the CIA program. Benefits and costs are somewhat less than under GHI. Under both programs payments are not made if medical and hospitalization expenses are paid under FECA or PL 110. (Annex C)

(4) It is true that in certain areas abroad, informal arrangements can be made to take care of medical and hospitalization in various cases. For example, where CIA is operating a medical facility based on other considerations, treatments or hospitalization often can be granted on a basis of no direct cost to the Government. In addition, from time to time CIA has been able to arrange transportation for certain individuals on a space available basis from the military. In view of budget restrictions, nonreimbursable services available from other agencies will be increasingly difficult. In addition, utilization of the recently approved broad application of PL 110 will lessen the importance of these informal arrangements.

b. Benefits available to dependents.

(1) The GHI and GEHA programs mentioned above also include dependents.

(2) The informal arrangements discussed above for employees can be made in some cases for dependents. However, they are more important in the case of dependents since there is less that the Agency can do for dependents by virtue of existing laws. Therefore, any informal arrangements for hospitalization or transportation are extremely important in assisting what otherwise might be hardship cases.

c. The benefits of FECA are available no matter where the employee is assigned or physically located and without regard to permanent station assignment or temporary duty status. The benefits of PL 110, however, are available only to CIA employees permanently assigned abroad. Thus personnel on temporary duty abroad do not have the benefits of PL 110 available to them. Further, the present wording of the law denies PL 110 benefits to personnel assigned (whether permanent or temporary) to U. S. territories and possessions.

d. At the time CIA presented the then proposed PL 110, there had been included in it provision for medical benefits for dependents. The Bureau of the Budget took the position that CIA did not have any unusual grounds for requesting this legislation and, therefore, since no legislative precedent existed, they would not concur. On this basis, provision for dependents was deleted.

e. Pertinent here is the welfare foundation which was recently established. It is the purpose of this foundation to make grants in worthy cases in which CIA employees are confronted with personal hardships which are not reimbursable under Agency regulations. It is contemplated that

SECRET

the foundation would make grants in warranted cases where the dependents of an employee have become ill causing extreme financial hardship. Therefore, it will assist to some degree in solving some of the problems arising out of illness or injuries of dependents abroad.

f. The various military services base their medical care of dependents on various statutes. Those statutes generally are permissive in nature rather than directive. However, through the years tradition and administrative practices developed so that it is regarded now as a privilege and a right to secure medical care for dependents. In the recent past there have been attempts in the Congress to cut down availability of such benefits.

g. No civilian agency of Government to this date has secured legislation permitting expenses of medical care and hospitalization of dependents to be assumed by the Government.

25X9A2

25X9A2

h. At the present time there are approximately [] employees abroad with a total of [] dependents.

(1) Based on this figure the best estimate of annual costs for a program of making the proposed medical and hospitalization benefits (including transportation) available to dependents in foreign countries would be []

25X1

(2) The annual costs for making such benefits available to personnel on temporary duty abroad are estimated []

25X1

(3) Broadening the concept of "assigned abroad" to include U. S. territories and possessions in addition to foreign countries is estimated to cost annually:

(a) Employees (Permanent assignment)

25X1

(b) Dependents

25X1

(c) Employees (Temporary duty)

(4) Estimated costs for the entire proposed program total []

3. DISCUSSION

a. It can be argued that since CIA sends an employee abroad and pays for the transportation of his dependents, CIA should assume similar responsibilities for the dependents with respect to medical care and hospitalization as are assumed for the employee. In either case the hardship on the employee is just as real. On the other hand it can be argued that the matter of sending dependents abroad is a question of privilege with the Government agreeing to pay the expenses of transportation if the employee desires his dependents with him. Having exercised his choice then the risk of illness to dependents is assumed by the employee. From the standpoint

of the Agency it can be further argued that the individual may be in no frame of mind to fulfill his duties if he is concerned with getting his wife or children to a suitable hospital for medical treatment.

b. A few examples of past cases will illustrate that this matter can be of a very serious nature. The facts are masked to avoid identification of individuals.

25X1A6A

25X1A6A

(1) An individual was sent to [] and took his wife with him. Since [] has a high incidence of Tuberculosis if the employee were to contract Tuberculosis the Government under FECA would return him to the United States and hospitalize him for an appropriate period of treatment. In addition they would pay disability compensation during the period of his disability. However, when the wife contracted Tuberculosis, CIA was not authorized either to pay for transportation or reimburse any of the expenses of medical care and hospitalization.

25X1A6A

(2) An employee was sent to [] Accompanying him were his wife and three children. In the event the employee came down with polio, expenses of transportation, medical care, hospitalization, and disability benefits, if applicable, would be assumed by the Government under FECA. When one of the children came down with polio, it was necessary for the wife to accompany the child back to the United States for treatment probably for an extended period. Again CIA was not authorized to pay any of the transportation, medical, or hospitalization expenses.

25X1A6A

(3) In [] an employee of CIA [] appeared to have been plagued with a series of "near accidents." Finally the employee and his wife, while walking down the street, were struck down by a hit and run truck. An inference was drawn, because of his association with certain operations which somehow became known, that the accidents were directed at taking his life. Since the facts supported such an inference, CIA assumed full responsibility for medical and hospitalization expenses and, under FECA, disability payments would have been forthcoming, if applicable. On the other hand the wife with the same disability or injury and incurred as a result of being married to a CIA employee was not entitled to the medical benefits provided by either FECA or PL 110.

25X1C4A

c. The principal protection afforded for medical care of dependents is the GHI insurance coverage. However, the benefits available are considerably decreased where hospitalization occurs abroad. This is due to the fact that various hospitals under contract are not available and a dollar rate is then substituted for the actual hospitalization benefits. Consistent with the over-all career concept developing within CIA, it would seem highly desirable where employees are subjected to hardships arising out of illness or injury occurring to their dependents, that some provision for relief be made. If it can be fairly stated that the hardship would not have arisen except for the fact that the individual was placed in a

particular position by CIA, it is believed that equitable grounds are established for furnishing relief from the hardship. There should also be considered that from a practical standpoint, most wives are to some extent knowledgeable of their husbands' affiliations with the Agency. Inevitably they also learn names of other people and gain a glimmering of the type of activities. Under such situations CIA, for security reasons, might not wish those individuals to be treated abroad, particularly where anesthetics would be involved.

d. In examining the problem it would seem that the equities which create the desirability for this type of benefit for dependents arise only where the employees are assigned abroad. In connection with the extent of coverage the eligibility standards can be assimilated either to FECA or PL 110. It is believed that use of PL 110, "Standard of Eligibility", is not completely defensible since specific examples which might be cited would appear to lack complete justification. One such example could be hospital care for the wife of a CIA employee injured in a traffic accident

25X1A6A [] On the other hand, equating the "Standard of Eligibility" to FECA would be far more defensible in that there would have to be established a causal relationship by the fact of the individual being in a particular location because of the head of the family's employment by CIA. In each of the cases indicated in paragraph "b" above, there is every likelihood that the proper causal relationship could be established. Fundamentally, in each case the individual was exposed to hazard by virtue of being a dependent of a CIA employee and being with him. Conditional hazard would not be present were the employee stationed in the United States. It would seem necessary and desirable to incorporate some type of limitation under present circumstances when an employee suffers a disability, illness, or injury, which may extend for some time. Payments are made by virtue of authority in PL 110 only until such time as the case can be processed to the BEC. Thereafter CIA does not reimburse the expenses involved. Since there would be no method of turning over similar cases where dependents are involved, some limitation must be established which would be susceptible to sample administration. This would act to avoid payments covering extended periods of illness or hospitalization. The question of who are members of the family and who are dependents could be guided by the regulations applicable to travel which designate the members of the family for whom CIA will assume travel expenses. These generally include wife, children, and dependent parents of the employee. (Annex B)

e. Due to present statutory limitations, the inability of CIA to afford equal treatment to employees abroad based solely on assignment status (i.e., whether permanent or temporary duty) results in inequitable situations. Where two people [] are afflicted with pneumonia (not traceable to performance of duty under FECA standards) it is strongly urged that a designation of type of duty status should not result in one receiving medical and hospitalization care from CIA and the other person being denied it. The justifications supporting such benefits for permanently assigned personnel are substantially applicable to persons on temporary duty. The key here is that both types of persons are performing official duties at the particular geographical location pursuant to official orders.

25X1A6A

f. The present statutory meaning of "abroad" excludes such locations as [redacted]. The justification for additional benefits while abroad was based on lower standards of sanitation, medical practice, and hospital facilities and in some locations the complete inaccessibility of medical and hospital facilities. That justification validly applies to the above-cited locations. For security reasons the specific locations cannot be specified in legislation and the simplest solution is to have the term "abroad" extended to include U.S. territories and possessions. (See Annex A)

g. In view of the previous experience by CIA on attempting to secure legislation, careful consideration must be given to the appropriateness of again seeking legislation. There have been no dissenters within the Agency to the view that this type of legislation for dependents is desirable. Balanced against the unanimous view is the fact that this could well be one of the more controversial items to present to the Congress. Clearly we would have to demonstrate why CIA employees and their dependents are in such a different position than normal civilian employees to warrant this additional benefit. It is believed that a reasonably strong justification can be presented to the Congress, but it is difficult to judge at this moment the seriousness of the opposition that may arise in both the Bureau of the Budget and in the Congress. In any event it would seem highly desirable that if CIA were presenting a package career service act that the justification could be presented in a much stronger light than if it were presented as a single item.

4. CONCLUSIONS

a. Medical and hospitalization benefits for members of families of CIA employees are desirable and will do much to foster the CIA Career Program and alleviate many hardship problems which are inevitable of great concern to CIA.

b. Medical care and hospitalization benefits include transportation to hospital facilities and should be made available to members of the immediate families of CIA employees. Those benefits should be available where the employee has permanent assignment abroad and has his dependents with him. The eligibility for such benefits should depend on a prior determination of causal relationship based on exposure to additional hazard in a manner similar to the standard utilized by the Bureau of Employees Compensation. Such benefits would be available only for the period the dependent is abroad or until the employee's current tour of duty is terminated, whichever occurs earlier.

c. The benefits available to employees under PL 110, Section 5(a)(5) who are permanently assigned abroad should be made available to CIA employees who are temporarily abroad on official Agency business.

d. The medical and hospitalization benefits of PL 110, Section 5(a)(5) should be made available to CIA employees performing duty in the territories and possessions of the United States.

e. Legislation is required to effect the above conclusions.

ANNEX A

Federal Employees' Compensation Act

General.

The Federal Employees' Compensation Act provides that the United States shall pay compensation (as set forth in general below) for the disability or death of an employee resulting from a personal injury sustained while in the performance of his duty and for the administration of the Act by the Bureau of Employees Compensation, Department of Labor. However, no compensation shall be paid by the Bureau if the injury or death is caused by the willful misconduct of the employee or by the employee's intention to bring about the injury or death of himself or of another, or if intoxication of the injured employee is the proximate cause of the injury or death.

Definitions.

The Act defines "employee" to include all civil officers and employees of all branches of the Federal Government, including officers and employees of instrumentalities of the United States wholly owned by the United States, and persons rendering personal services of a kind similar to those of civilian officers and employees of the United States to any department, independent establishment, or agency thereof, without compensation or for nominal compensation, in any case in which acceptance or use of such services is authorized by an Act of Congress or in which provision is made by law for payment of the travel or other expenses of such person. It defines the term "injury" to include, in addition to injury by accident, any disease proximately caused by the employment. The term "compensation" is defined as including the money allowance payable to an employee or his dependents as well as any other benefits (such as hospital expenses) paid for out of the compensation fund.

Exclusiveness of Remedy.

Section 7(b) of the Act provides that the liability of the United States, or any of its instrumentalities, under the Act or any extension thereof with respect to the injury or death of an employee shall be exclusive, and in place, of all other liability of the United States or such instrumentality to the employee, his legal representative, spouse, dependents, next of kin, and anyone otherwise entitled to recover damages from the United States or such instrumentality, on account of such injury or death, in any direct judicial proceedings in a civil action or in admiralty, or by proceedings, whether administrative or judicial, under any other workman's compensation law or under any Federal tort liability statute.

Compensation Benefits.

The following schedule sets forth, in general, employee benefits under FECA.

<u>Type</u>	<u>Qualifications</u>	<u>Amount</u>
1. Hospital and medical expenses	If approved facilities used and procedures followed	Varies with case
2. Travel to place of treatment	If local facilities are not suitable or available	Varies with case
3. Services of an attendant	If Administrator finds it necessary because employee is helpless as to require constant attention	Not to exceed \$75 per month
4. Compensation for time lost	If desired, May take accrued sick and annual leave	66 2/3% of monthly salary or schedule award
5. Augmented compensation for dependents	If one or more dependents, wife, husband, unmarried child, parent	8 1/3% of monthly pay (Limited to that part of monthly pay not in excess of \$420)
6. Funeral and burial bills	If death results from the injury	Not to exceed \$400, at the discretion of the Administrator
7. Death Benefits		
a. Widow	Until remarriage or death	45%
b. Widower	If wholly dependent upon wife. ('Til remarriage, death or capable of self-support)	45%
c. Children	'Til child marries, dies, or reaches 18	To widow 40%, and 15% for each child not to exceed 75%
d. Orphan children	'Til child marries, dies or reaches 18	35% for one child and 15% for each additional child not to exceed 75% divided among such children share and share alike

- e. Parents (1) If one dependent and one not (1) 25%
(2) If both are dependent (2) 20% to each
- f. Other dependants (1) If one dependent (1) 25%
(2) If more than one (2) 30% share alike
(3) If one wholly dependent but one or more only partially dependent (3) 10% share alike

Territories and Possessions of the United States.

Territories: Hawaii
Alaska

Possessions: Puerto Rico
Canal Zone
Cora Islands
Guam
Virgin Islands of the United States
American Samoa
Midway Islands
Wake Island
Canton Island
Enderbury Island
Johnson Island
Sand Island
Swan Island
Trust Territory of the Pacific Islands

Northern Marianas
Caroline Islands
Marshall Islands

ANNEX B

Central Intelligence Agency Act of 1949

General.

The CIA Act of 1949 authorizes payment of the cost of treatment and, where required, travel expenses to the nearest suitable hospital or clinic, in the event of illness or injury requiring hospitalization, not the result of vicious habits, intemperance, or misconduct on the part of the claimant, incurred in the line of duty while the officer or full time employee is assigned to a permanent-duty station outside the continental United States, its territories and possessions. It also authorizes the establishment of a first-aid station and a nurse at permanent-duty stations overseas where the number of personnel warrants such a station and payment of the cost of physical examinations and administering inoculations or vaccinations at overseas stations.

Discussion.

The CIA Act authorizes the payment of medical expenses arising out of illness or injury "incurred in the line of duty." In scope, the criterion "incurred in the line of duty" encompasses the concept "incurred in the performance of duty" found in the Federal Employees' Compensation Act and extends to cover also illness and injury "not the result of vicious habits, intemperance, or misconduct on his part, incurred while on permanent assignment abroad." The Act does not authorize the payment of compensation for time lost from work due to such illness or injury, nor the payment of disability or death benefits.

The language contained in the subject medical authorities was drawn from the Foreign Service Act of 1946 with congressional comments relating thereto so indicating, without discussion. When we look to the administration of that Act under vouchered funds and the surveillance of the General Accounting Office over payments made thereunder, we find a ready reference for guidance. Set forth below is a complete list of (1) illnesses and injuries in the Foreign Service for which payment was made under their authority during the fiscal year 1951, (2) the number of cases of each type, and (3) the average number of days of hospitalization for each type of illness or injury.

<u>Illnesses</u>	<u>No. of Cases</u>	<u>Average Days</u>
Infectious Diseases		
Dysentery	24	12
Bronchitis	11	8
Hepatitis	41	19

<u>Illnesses</u>	<u>No. of Cases</u>	<u>Average Days</u>
Infectious Diseases (cont'd.):		
Influenza	15	6
Malaria	6	4
Meningitis	1	11
Misc. Fevers	12	13
Dengue Fever	1	15
Rheumatic Fever	3	14
Scarlet Fever	1	10
Tick Fever	1	11
Misc. Intestinal Parasites	3	7
Mononucleosis	4	19
Mumps	3	10
Paratyphoid	1	6
Pleurisy	4	6
Polomyelitis	2	6
Pneumonia	21	12
Tonsillitis	12	5
Tuberculosis	14	174
Typhoid	6	13
Injuries:		
Automobile Injuries	7	7
Fractures	20	35
Head Injuries	5	10
Hernia	24	12
Misc. Injuries	7	6
Tumors and Cysts:		
Cancer	16	30
Cyst	11	7
Benign Tumor	24	13
Respiratory Disorders:		
Misc. Respiratory System Disorders	9	19
Misc. Upper Respiratory Infections	16	5
Tonsillectomy	7	7
Digestive Disorders:		
Appendectomy	6	6
Appendicitis	46	10
Colitis	9	9
Diabetes	4	19
Misc. Digestive Disorders	13	9
Fissure Anal	5	33
Food Poisoning	3	5
Gall Bladder Disorders	5	17
Gall Bladder Operations	3	40
Gastroenteritis	18	15
Hemorrhoids	14	8
Liver Disorders	2	27

SECRET

<u>Illnesses</u>	<u>No. of Cases</u>	<u>Average Days</u>
Digestive Disorders (cont'd.):		
Misc. Rectal Disorders	8	10
Rectal Fistula	6	8
Sprue	1	18
Ulcers	16	25
Cardiovascular Disorders:		
Raynauds Disease	1	1
Heart Condition	12	144
Hypertension	10	7
Misc. Circulatory Disorders	10	21
Thrombophlebitis	4	53
Eye, Ear, & Nose Disorders:		
Ear Infections	9	10
Injuries to Cornea	5	6
Misc. Eye Conditions	6	19
Sinus Disorders	7	8
Psychoneurosis:	20	19
Urological Disorders:		
Kidney Disorders	14	15
Misc. Urological Disorders	12	15
Misc. Male Genito System Disorders	7	19
Neurological Disorders:		
Neuritis	6	11
Multiple Sclerosis	1	33
Skin Conditions:	11	9
Gynecological Disorders:	19	7
Locomotor System:		
Arthritis	18	9
Bursitis	6	5
Misc. Locomotor System Disorders	13	9
Osteoporosis	1	27
• Ductless Gland:	4	28
Allergic Reactions:	4	9
Medical Observations	30	5

SECRET

Tab A1

SECRET

ANNEX C

Hospital and Surgical Insurance

General.

Hospital and surgical Group Insurance Plans are available to Agency employees through the Government Employees Health Association, a charitable corporation, incorporated under the laws of the District of Columbia. The need for this vehicle for the processing of insurance applications, payments and claims, arose out of the operational and security requirements of the Agency that precluded normal application and claim submission by Agency employees. As a corollary to the requirement for a proper vehicle, CIA provides for the administration of the Government Employees Health Association as a gratuitous service to those employees availing themselves of the service. With the exception of the method of application, payment of premiums and claim submission and payment, the Group Insurance Plans available at the present time (Mutual of Omaha and Group Hospitalization Incorporated) do not differ from those offered by the same companies to the general public. The benefits are the same.

Comparison of Benefits.

The attached tables provided by the Insurance Task Force list benefits offered by Group Hospitalization Incorporated and Mutual of Omaha, known within the Agency as GEHA.

SECRET

TABLE C¹

Overseas Benefits

Currently
Offered
by Omaha

Currently
Offered
by GHI

Hospitalization

1. Hosp. Board & Room: \$9.00 per day for 31 days \$279
with no limit on frequency, plus
\$135.00 for hospital extras..... \$135
max. \$414

2. Plus surgical as shown below.

3. Plus out-patient emergency up to..... \$135

4. Waiting period. 1st of next month.

5. Maternity. Waiting period 9 months and
extended 9 months beyond term. of contract.

(a) \$9.00 per day for 14 days..... \$126
plus up to \$45.00 total for Hosp. extras. \$ 45
max. \$171

maternity total..... max. \$171

1. Hosp. Board & Room: \$10.00 per day for 21 days \$210
with 90 day interval on frequency, plus
\$64.00 for hospital extras..... \$ 64
max. \$274

2. Plus surgical as shown below.

3. Plus out-patient emergency up to..... \$ 10

4. Waiting period. 1st of next month, except for
tonsillectomies and pre-existing conditions--
10 months.

5. Maternity. Waiting period 10 months.
No extension beyond term. of contract.

(a) \$9.00 per day for 8 days..... \$ 72

..... max. \$ 72
except Caesarean, termination of ectopic
pregnancy and miscarriage, for which hos-
pitalization benefits are 1. above.. max. (\$274)
instead of \$72.00

maternity total..... \$ 72
or \$274

Tab A1

SECRET
-17-

Currently
Offered
by Omaha

Currently
Offered
by WHI

Surgical
(Example)

\$ 50.....Hernia Ing. unil.....	\$ 100.	(Fees paid will fully cover surgical costs if subscriber is a single participant whose income is \$3000 or less or if a family participant whose income is \$5500 or less.)
75....." " bilst.....	140.	
100.....Appendectomy.....	100.	
100.....Radical mastectomy.....	175.	
50.....Fracture of spine.....	125.	
35.....Hip dislocation.....	75.	
150.....Proctectomy.....	200.	
50.....Normal delivery.....	80.	
100.....Cesarean.....	150.	
150.....Removal of kidney.....	175.	
50....." " cataract.....	150.	
100.....Gastroctomy.....	250.	
25.....Tonsillectomy.....	55.	
25.....Adenoidectomy.....	55.	
25.....Hemorrhoidectomy.....	60.	
50.....Normal Delivery.....	80.	
150.....Hysterectomy.....	165.	
\$ 1205.	\$ 2135.	

TABLE C²

Benefits in Washington

Currently
Offered
by OmahaCurrently
Offered
by GHI

1. Hosp. Board & Room: \$9.00 per day for....\$279.
31 days with no limit on pregnancy,
plus \$135.00 max. for hospital extras..... 135.
414.

Hospitalization

1.* Hosp. Complete Service for 21 days (Semi-pri. -
Partic. Hospital) with 90 day interval on
pregnancy.....see below
plus \$5.00 per day for additional 180 days..\$900.
see below

2. Plus surgical as shown above ---

2. Plus surgical as shown above ---

3. Plus out-patient emergency up to 135.
\$549.

3. Plus out-patient emergency up to 10.
see below

4. Examples

4. Examples

Bd. & roomNormalBd. & room (diff.)

\$ 90.00.....	appendectomy.....10 days.....	\$135.
270.00.....	comp. fracture....30 ".....	405.
126.00 Plus a maxi-bilat. hernia....14 ".....		189.
90.00 num of \$135..unilat. ".....10 ".....		135.
126.00 to cover all.hysterectomy....14 ".....		189.
90.00 hospital ex..hemorrhoidectomy 10 ".....		135.
27.00 tras.....tonsillectomy... 3 ".....		40.

(/ 45)
(/ 135)
(/ 63)
(/ 45)
(/ 63)
(/ 45)
(/ 13)

Plus all hospital extras, (16 listed) which range from \$50. for the simplest, uncomplicated appendectomy to very substantial amounts for the serious or complicated case.

Net - 50% greater on Bd. & room than Omaha

1.* Basic costs of Bd. & room @ \$13.50 per day are absorbed by GHI completely

SECRET

TABLE C³
Costs (monthly)

<u>Omaha</u>			<u>GHI</u>		
<u>Hosp.</u>	<u>Surgical</u>	<u>Total</u>	<u>Hosp.</u>	<u>Surgical</u>	<u>Total</u>
----	----	1.60..individual contract.....	1.70	1.00	2.70
----	----	4.75..indiv. & spouse contract.....	3.70	3.20	6.90
----	----	6.00..indiv. & spouse & children.....	3.70	3.20	6.90

SECRET

~~SECRET~~

ANNEX D

Extract from Foreign Service Travel Regulations

1.2 Definitions

a. Employee

b. Family- -

(1) Wife

(2) Children (including step-children and adopted children) who are unmarried and under 21 years of age or, regardless of age, are physically or mentally incapable of supporting themselves.

(3) Parents (including step-parents and adoptive parents) of the employee, or of the spouse, when such parents are American nationals and are 50 percent or more dependent on the employee for support.

(4) Sisters and brothers (including step-sisters, step-brothers, adoptive sisters, and adoptive brothers) of the employee, or of the spouse, when such sisters and brothers are American nationals, are 50 percent or more dependent on the employee for support, are unmarried, and are under 21 years of age; or, regardless of age, are American nationals and are physically or mentally incapable of supporting themselves.

(5) Husband who is physically or mentally incapable of supporting himself.

~~SECRET~~

JUSTIFICATION

- 22 -

Tab 12

SECRET

SECRET

EXTENSION OF MEDICAL BENEFITS FOR OVERSEAS EMPLOYEES
AND THEIR DEPENDENTS

Inequities exist under current authorities in the field of medical benefits for employees of CIA and their dependents. Certain overseas employees are being denied medical benefits merely because they are serving in a temporary-duty assignment or at a post in a territory or possession of the United States. Also, at the present time, there is no authority for providing medical benefits to the dependents of Agency employees serving overseas. It is requested that consideration be given to the enactment of legislation designed to eliminate these inequities.

The Central Intelligence Agency Act of 1949 (63 Stat. 208) provides medical benefits to certain Agency employees overseas. The authority for providing these benefits is contained in Sections 5(a)(5)(A) and (C) of the Act. The additional benefits consist of more liberal standards of eligibility for medical and hospitalization benefits than are provided by the Federal Employees' Compensation Act of 1916 (Public Law 267, 64th Congress), as amended.

The language of Section 5 was based on Title IX, Part E of the "Foreign Service Act of 1946" (Public Law 724, 79th Congress). Under the provisions of that Act, medical benefits authorized therein may be provided all officers and employees of the Foreign Service who are assigned abroad, regardless of their particular status at the time of overseas assignment. The Department of State has defined "assigned abroad" to mean "while physically outside the continental limits of the United States pursuant to official orders." The wording of the authority in Section 5(a)(5)(A) and (C) of the CIA Act appears to grant the same benefits as those granted by the State Department authority. Section 5(a) of the CIA Act, however, limits the application of the CIA authority to officers and full-time employees assigned to permanent-duty stations outside the continental United States, its territories, and possessions. This limitation precludes payment of medical expenses of employees who are overseas on temporary-duty orders, or who are serving in areas such as [REDACTED]

25X1A6A [REDACTED]

25X1A6A

Present statutory limitations require distinctions between overseas personnel based solely on their assignment status (i.e., whether permanent or temporary duty) and result in inequities. Two employees stationed at the same post and both afflicted with cancer (not traceable to performance of duty under the standards of the Federal Employees' Compensation Act) should receive the same medical and hospitalization benefits from CIA. The justifications supporting such benefits for permanently assigned personnel are substantially applicable to persons on temporary duty. The basic factor in both situations is that the employee is performing official duties at a particular geographic location pursuant to official orders. As noted above, the present statutory meaning of "abroad", as contained in CIA authority, precludes the extension of medical benefits to personnel in locations such as [REDACTED]

25X1A6A

SECRET

The justification for medical benefits, in excess of those provided under the Federal Employees' Compensation Act, was based on lower standards of sanitation, medical practice, and hospital facilities and, in some locations, the complete inaccessibility of medical and hospital facilities. That justification is equally valid with respect to the above-cited legislation. Furthermore, it is believed that the fact that a particular area may or may not be a "territory or possession" has no bearing whatsoever on the health and sanitary conditions in that area.

The cost to the Government of extending medical benefits to Agency employees on temporary-duty assignments overseas as well as extending the "assigned abroad" concept in the CIA Act to include U. S. territories and possessions in addition to foreign countries, is estimated to be very low in terms of the benefits to be derived. Based on our recent experience, the cost would be approximately \$11,000 per annum.

Another basic problem is the Agency's lack of authority to provide medical benefits for the dependents of personnel serving overseas. The mission of the Central Intelligence Agency requires the permanent assignment of career employees to all areas of the world. It has long been an established Government policy to allow dependents of employees serving abroad to accompany these employees at Government expense. The merit of such a policy is above question. The presence of an employee's wife and family in the area is extremely beneficial to his morale and, as a consequence, he performs more effectively. Also, it is our belief that the Government has a moral obligation to reimburse its employees for medical costs and incidental travel expenses due to illness contracted by their dependents by reason of conditions to which they are exposed because of the employee's work. The proposed legislation provides as a criterion of eligibility for dependents' medical benefits that there be a causal relationship between the contraction of the dependent's condition and the place and nature of the employee's assignment. The criterion is similar to the requirement in the Federal Employees' Compensation Act that an employee's condition is traceable to the conditions of his assignment.

It has been estimated that the annual cost of administering a program providing medical benefits for dependents will be approximately \$247,000. This amount would provide funds for medical benefits to dependents of Agency employees "assigned abroad" on a permanent duty basis including those in territories and possessions.

Favorable consideration of the proposed legislation is requested.

SECRET

SECRET

The justification for medical benefits, in excess of those provided under the Federal Employees' Compensation Act, was based on lower standards of sanitation, medical practice, and hospital facilities and, in some locations, the complete inaccessibility of medical and hospital facilities. That justification is equally valid with respect to the above-cited legislation. Furthermore, it is believed that the fact that a particular area may or may not be a "territory or possession" has no bearing whatsoever on the health and sanitary conditions in that area.

The cost to the Government of extending medical benefits to Agency employees on temporary-duty assignments overseas as well as extending the "assigned abroad" concept in the CIA Act to include U. S. territories and possessions in addition to foreign countries, is estimated to be very low in terms of the benefits to be derived. Based on our recent experience, the cost would be approximately \$11,000 per annum.

Another basic problem is the Agency's lack of authority to provide medical benefits for the dependents of personnel serving overseas. The mission of the Central Intelligence Agency requires the permanent assignment of career employees to all areas of the world. It has long been an established Government policy to allow dependents of employees serving abroad to accompany these employees at Government expense. The merit of such a policy is above question. The presence of an employee's wife and family in the area is extremely beneficial to his morale and, as a consequence, he performs more effectively. Also, it is our belief that the Government has a moral obligation to reimburse its employees for medical costs and incidental travel expenses due to illness contracted by their dependents by reason of conditions to which they are exposed because of the employee's work. The proposed legislation provides as a criterion of eligibility for dependents' medical benefits that there be a causal relationship between the contraction of the dependent's condition and the place and nature of the employee's assignment. The criterion is similar to the requirement in the Federal Employees' Compensation Act that an employee's condition is traceable to the conditions of his assignment.

It has been estimated that the annual cost of administering a program providing medical benefits for dependents will be approximately \$247,000. This amount would provide funds for medical benefits to dependents of Agency employees "assigned abroad" on a permanent duty basis including those in territories and possessions.

Favorable consideration of the proposed legislation is requested.

SECRET